

S-E-C-R-E-T**SECRET**

50X1-HUM

During the last 2 years, the divisions of the railroad systems, freight, marshalling, and passenger stations, track, communications, and buildings and structures maintenance sections, electric power plants, and other enterprises have been transferred to cost accounting. More than 4,000 railroad enterprises are now operating on cost accounting. However, on many railroad systems cost accounting is being used only formally. In 1950, 36 divisions, 51 large stations, and 194 track maintenance sections operated at a loss.

Up to now, 15 railroad systems have been operating at a loss (in regard to the plan). The railroad okrugs, however, continue to plan subsidies for these systems. The wide mobilization of the internal resources of these systems would eliminate the necessity for a part of the subsidies and even make such systems as the Kovel', Stalingrad, Moscow-Donbass, and others profitable enterprises.

An analysis of the reports for 1950 indicates considerable overexpenditures. In 1950, the railroad systems of the Central Okrug exceeded the planned overhead expenses by 56.6 million rubles, the systems of the Caucasus Okrug exceeded the planned overhead expenditures by 24.4 million rubles, and the systems of the Southwestern Okrug had an overexpenditure of 24.5 million rubles.

On many railroad systems, losses from failures to meet the norms for utilization of rolling stock are still high. Railroad systems of the Central Okrug lost 30.2 million rubles in 1950 because the norm for light locomotive runs was exceeded by 1.7 percent. A reduction of freight-car turnaround time of one percent would save 105 million rubles per year, and an increase in ton-kilometers per car-axle-kilometer of one percent would reduce operational expenditures by 70 million rubles. A one-percent increase in the weight of freight trains would save 74 million rubles.

An inspection made last year disclosed that on the average each car of scrap metal inspected lacked 4 tons of being loaded up to the norm, and each car of coal was one ton short of the weight norm.

In 1950, the average length of haul exceeded the planned norm by 33 kilometers. Enterprises of trade, industrial cooperatives, food industry, and light industry exceeded the norm by 130 kilometers, and the timber industry exceeded the norm by 76 kilometers.

In 1950, clients paid the railroads several hundred million rubles in fines for holding up railroad cars on their sidings. Of course, the income from this source is not commensurate with the losses suffered by the railroads and the state through the increase in freight-car turnaround time and tardy delivery of freight.

Many enterprises of railroad transport failed to complete the 1950 financial plan, primarily because of the unsatisfactory operation of the timber trusts and machine-building and repair enterprises.

The economic indexes in the construction organizations of railroad transports are especially unsatisfactory, and the lagging of these organizations was subjected to criticism at the second session of the Supreme Soviet USSR. In 1950, several of the construction projects did not meet their programs and permitted an increase in the cost of their operations. The basic reasons for the high cost of construction are the poor utilization of machinery, the feeble efforts to introduce industrial methods of construction, and the unsatisfactory organization of labor. On the construction of the Stalinsk-Barnaul line, losses in 1950 amounted to 70 kopecks per ruble of executed work.

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The USSR state budget for 1950 provides for an increase in the profitability of the railroad systems of 6 percent, a 3.6-percent reduction in the cost of carrying, a 3-percent reduction in the cost of capital construction, a reduction in the cost of industrial production of 6.6 percent, and an acceleration in the turnover of goods and materials of from 3 to 6 percent.

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